

Message Text

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PAGE 01 ALGIER 03220 281032Z
ACTION XMB-04

INFO OCT-01 EUR-12 NEA-10 ISO-00 EB-08 COME-00 TRSE-00
OPIC-03 AID-05 IGA-02 /045 W
-----021501 281256Z /43

R 281010Z DEC 77
FM AMEMBASSY ALGIERS
TO SECSTATE WASHDC 7714
INFO AMEMBASSY PARIS
AMEMBASSY ROME
AMCONSUL ORAN POUCH
AMCONSUL TURIN

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E. O. 11652: N/A
TAGS: EFIN, EIND, ENRG, AG, IT, US
SUBJ: POSSIBLE EXIMBANK FINANCING FOR ALGERIAN AUTO PLANT

REFS: A) STATE 296136; B) TURIN 542

1. WE SHARE EXIMBANK VIEW THAT PROJECT IS PREMATURE AND OVERAMBITIOUS. IT ALSO CLEARLY DOES NOT MEET ESTABLISHED EXIMBANK CRITERIA FOR ALGERIA SINCE IT IS NOT IN ENERGY SECTOR, IS NOT PART OF NEEDED INFRASTRUCTURE, AND IS NOT FOREIGN EXCHANGE EARNER. IT SHOULD OF COURSE ULTIMATELY BE A NET FOREIGN EXCHANGE SAVER, BUT ONLY IF PLANT OPERATES WITH MORE EFFICIENCY THAN HAS YET BEEN DEMONSTRATED IN ALGERIAN INDUSTRY.

2. WE CAN UNDERSTAND TEMPTATION TO PARTICIPATE IF ALGERIANS ARE DETERMINED TO GO AHEAD WITH OR WITHOUT EXIM INVOLVEMENT. IF WE DO PARTICIPATE, HOWEVER, WE SHOULD RECOGNIZE THAT OUR INFLUENCE OVER ALGERIAN INVESTMENT POLICY, ALREADY INSIGNIFICANT, WILL BECOME NIL.

3. FIAT'S LACK OF INTEREST IN EXIM LOAN TO FIAT CONFIRMS OUR IMPRESSION THAT ITALIANS WORRIED ABOUT THEIR TOTAL EXPOSURE HERE. THEY
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UNDERSTANDABLY WANT NOT ONLY ADDITIONAL FINANCING BUT MORE PARTNERS TO SHARE THE RISK.

4. WE OF COURSE CANNOT JUDGE SITUATION IN THE US INDUSTRIES CONCERNED NOR THE IMPORTANCE TO THE US OF THE EFFECT OF THE PROJECT ON ITALIAN EMPLOYMENT. THESE MAY BE VITAL CONSIDERATIONS BUT IF SO WE SHOULD PROBABLY STOP TELLING THE ALGERIANS THAT WE ARE ONLY INTE-

RESTED IN VIABLE PROJECTS THAT DEVELOP ENERGY RESOURCES, ADD TO ESSENTIAL INFRASTRUCTURE, OR EARN FOREIGN EXCHANGE. THEY SCARCELY BELIEVE IT NOW AND AN EXIM LOAN FOR THE AUTO PLANT WOULD CONFIRM THEM IN THEIR CONVICTION THAT THE INDUSTRIALIZED COUNTRIES WILL FINANCE ANYTHING TO WIN QUICK EXPORT ORDERS.HAYNES

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AUTOMOTIVE INDUSTRY, CREDIT
Control Number: n/a
Copy: SINGLE
Sent Date: 28-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977ALGIER03220
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
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Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770483-0145
Format: TEL
From: ALGIERS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19771214/aaaaalcb.tel
Line Count: 67
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
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Original Classification: LIMITED OFFICIAL USE
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Original Previous Classification: n/a
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